

THE COMMONWEALTH GROWS

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*Making a difference in
Kentucky's agricultural
communities
by cultivating new
economic prosperity.*



MEET OUR NEW EXECUTIVE DIRECTOR KEITH ROGERS

As we begin the new year, I find it the ideal time to review the past and look forward to the opportunities and challenges ahead. For most Kentucky farm families, 2003 has been a very successful year, with abundant rainfall and a fantastic growing season. Kentucky producers have enjoyed bumper crops, while grain farmers have experienced improving prices. Much of the livestock industry has benefited from high prices as the equine industry continues its' recovery. Gross farm cash receipts in Kentucky are estimated to reach \$3.6 billion for 2003, with net farm income possibly being the second highest, at an estimated \$1.4 billion.

With the new year comes new leadership in Kentucky. Governor Fletcher has a strong commitment to Kentucky's rich agricultural heritage and to the agricultural diversification efforts across the Commonwealth. Governor Fletcher has pledged to continue the dedication of 50 percent of the Tobacco Settlement Funds to agriculture. He believes this money was set aside to help our farmers during this difficult transition from the tobacco economy.

It was an honor to be selected by Governor Fletcher to serve as the new Executive Director of the Governor's Office of Agricultural Policy (GOAP). To the Agricultural Development Board and County Council members,

I commit to you that I will work hard to see that the GOAP provides the leadership and assistance you need to continue this effort. I want to work with you to make the programs and projects you have successful and rewarding to your communities. To the members of the General Assembly I will work to see that these funds are used effectively and efficiently, so that agriculture can enjoy your continued support. The Agricultural Development Fund is the envy of many of our counterparts in surrounding states.

It is my plan to develop a strong compliance and evaluation component to the agricultural development fund process. Not only do we need to be accountable to make sure the money has been used appropriately, but we also need to find a way to measure our efforts. We must be able to provide proof to the citizens of Kentucky and our legislators that the money provided in House Bill 611 is moving Kentucky agriculture forward, improving the economy in rural Kentucky, and that we are benefiting Kentucky farm families by the way that we're investing and using these funds.

2004 can and will be another great year as we work to create opportunities to improve the agricultural economy of Kentucky, so that we can successfully build a strong future for Kentucky's farm families.

Keith L. Rogers

Executive Director

ARE YOU UP-TO-DATE ON YOUR REPORTING FORMS?

The winter season is upon us and that means another quarterly reporting deadline for Agricultural Development Fund grant recipients is just around the corner. Now is your chance to get a head start on the fourth quarter (Oct. 1 – Dec. 31) reports to ensure that you have everything in our office before the January 15 deadline.

Grant recipients have been required to submit reports to the Board, since the first grant was approved in March 2001. These reports are required to ensure that the funds distributed are being used according to the terms set forth in the legal agreement between the Agricultural Development Board and recipient.

The Governor's Office of Agricultural Policy (GOAP) now has a Project Compliance Specialist whose sole responsibility will be to review and evaluate reports. This individual will work with all grant recipients to ensure that the reporting requirement are being satisfied, as stated in the legal agreement. The Project Compliance Specialist will review account information to ensure that funds are only being used for the programs approved in the legal agreement. From time to time, the Project Compliance Specialist and other representatives from GOAP, will make random site visits to ensure that local administrative records are up-to-date and to verify equipment and buildings are being used in accordance with the terms of the legal agreement.

If the Project Compliance Specialist discovers any inconsistencies in reporting, such as delinquent reports or funds are not being utilized as stated in the agreement, then GOAP has a right to hold any additional funds going to that project until all matters have been addressed. Project recipients and program administrators are encouraged to be diligent in keeping current records on all expenditures and to keep copies of any and all materials sent to our office. Reporting schedules vary from the model to non-model projects. The local entities administering model programs are required to submit reports on a quarterly basis, which are due 15 days after the end of each calendar quarter.

Standard model program reporting forms have been available for over a year, and **must be used**. A standard report for non-model projects are available on our website at

http://agpolicy.ky.gov/funds/program_reporting.shtml. Recipients for non-model projects should consult their legal agreements for any reporting requirements beyond general fiscal year and programmatic reporting.

All non-model project reports are required to include the following information: project name, tracking number, contact information, detail of money spent for that quarter/year, and a summary of project activity for the quarter/year, including an explanation for any delays in the project and the percent completion. Closing reports for all non-model projects are due 60 days after the ending date of the legal agreement.

Everyone involved in the Agricultural Development Fund process, from the local farmer receiving cost-share on a bull to the state board member who approved the program, is impacted by the reports. It is important to maintain the integrity of the Agricultural Development Fund, if we expect the General Assembly to continue to support this long-term investment in improving Kentucky's agricultural community.

If you have questions about reporting or the forms, please contact the GOAP office for assistance at (502) 564-4627 or via email at govkyagpolicy@ky.gov.

2004

Report Deadlines

January 15

April 15

July 15

October 15

New Reporting Forms

Beginning with the quarterly report due April 15 all administrative entities will be required to use the new electronic reporting forms.

The new forms are simple and can be imported into a variety of spreadsheet formats.

The forms will be available on the GOAP website beginning January 5, 2004.

THE KENTUCKY AGRICULTURAL INVESTMENT TRUST FUND

The July Agricultural Development Board meeting witnessed the beginning of another chapter in Kentucky's rich agricultural history, with the approval of \$20 million for the establishment of the Kentucky Agricultural Investment Trust Fund (KAITF) through the Kentucky Agricultural Finance Corporation (KAFC).

KAFC was created by statute in 1984, but has been inactive since 1996. In February 2003, Governor Patton appointed new members to the KAFC Board of Directors. Since their first meeting in March, the KAFC Board has been structuring the framework for the KAITF. It is envisioned that KAITF's financing programs, working in tandem with the existing agricultural lender base, will help to address the marketing and capital access issues for producers across the state. Thus, providing another financial program to assist producers to diversify away from tobacco.

KAFC will utilize Agricultural Development Funds to establish the three financing programs of the Kentucky Agriculture Investment Trust Fund: the *Investment Fund for Agriculture*, the *Agricultural Endeavors Lease Program*, and the *Young Farmers Financing Program*. The important component of these programs is that KAFC will work with local lenders, continuing the emphasis on community involvement in diversifying the agricultural economy. In keeping with the investment philosophy of the Agricultural Development Fund, KAITF will only provide up to 50% of a project's total cost.

The *Investment Fund for Agriculture* will provide financial assistance by making investments in local banks to buy down the interest rate for agricultural borrowers. The Agricultural Development Board has asked the

KAFC to oversee a County Investment Fund. The County Investment Fund will give counties the ability to invest county funds in a loan program that will last beyond the life of the Agricultural Development Funds.

The *Agricultural Endeavors Lease Program* will provide funds for the purchase of real estate to be leased to value-added agricultural processors who purchase Kentucky grown commodities. This program would enhance KAIT funds with funding from other loan and grant sources with the ultimate goal being to provide below market financing costs to the processor.

The *Young Farmers Financing Program* will make funds available to producers meeting the Farm Service Administration's Young Farmer program criteria and/or "first-time" farmers, as defined in the Internal Revenue Code. KAFC will provide direct loans or loan buy-downs in concert with local lenders, with the maximum loan amount of \$125,000, matching the bank dollar for dollar. The loans will be for 15 years fixed at New York Prime. KAFC will also serve as an issuer of tax-exempt bonds for first-time farmers, in keeping with IRS regulations and policies.

In establishing the Agricultural Development Fund, Kentucky's Legislature made the first historic step in revitalizing our agricultural economy and diversifying away from tobacco production. Over the past two years we have witnessed the amazing commitment by the agricultural community on local, regional and state levels to ensure that this investment is used wisely. Through the KAITF, we have the opportunity to build on this historic foundation and develop new programs to reach out to more tobacco farm families. This new financing program is one from which Kentucky farmers can benefit now, and well beyond the life of Phase I payments.

Kentucky Producers Awarded \$574,630 in USDA Value-added Grants

Authorized as part of the 2002 Farm Bill, the Value-Added Agricultural Product Market Development Grants program provides an opportunity to refine agricultural commodities and products to increase their value in the marketplace. Congratulations to the ten producer groups in Kentucky awarded grants in the 2003 funding cycle.

*designates groups that have also received Agricultural Development Funds

\$70,000	Green River Cattle Company *
\$72,475	Kentucky Specialty Grains, LLC*
\$17,675	South-East Bison Association
\$27,325	KY Shiitake Mushroom Growers Association
\$25,255	Union County Biodiesel
\$79,900	Agricultural Marketing Institute
\$35,000	Kentucky Produce and Aquaculture Alliance*
\$139,700	Purchase Area Aquaculture Cooperative*
\$87,500	Kentucky Hopkinsville Elevator Company*
\$19,800	Kentucky Wool Society*

\$46,000,929.44 INVESTED IN KENTUCKY AGRICULTURAL DIVERSIFICATION JUNE THRU NOVEMBER

AgriTourism Interagency

The AgriTourism Interagency Office through the Kentucky Department of Agriculture received \$400,000 of state funds to define and support AgriTourism in Kentucky. The goal of this project is to augment economic development programs with regional marketing organizations and state agencies to include a focus of activities and actions designed to benefit rural Kentucky, through promotion of its farms and farmers. This project was approved at the July 2003 Board Meeting.

Anderson County Farmers' Market

Anderson County Fiscal Court received \$14,000 in Anderson County funds to further develop the Anderson County Farmer's Market.



The funds will be used in the marketing of value-added products and locally grown products sold at the market. This project was approved at the June 2003 Board Meeting.

Barren River Regional Livestock Center, LLC

The Barren River Regional Livestock Center, LLC received \$50,000 in Warren, \$5,000 in Butler and \$2,500 in Grayson County funds to assist in the cost relocate the existing stockyard from downtown Bowling Green to a renovated tobacco warehouse in Warren County to provide increased marketing opportunities for livestock producers in south central Kentucky. This project was approved at the November 2003 Board Meeting.

Broad Run Vineyards

Broad Run Vineyards received a forgivable loan consisting of \$47,750 in state and \$1,000 in Jefferson County funds for an expansion of its winery facility. The winery would purchase 30 acres of grapes from Kentucky growers and has already begun working with five growers to train them to grow the quality grapes they would need for their wines. This project was approved at the July 2003 Board Meeting.

Buffalo Trace Area Development District

Buffalo Trace Area Development District received \$18,618 Fleming County funds and \$981,382 state funds to establish a revolving loan fund to attract and promote diversified businesses in the region. This project was approved at the November 2003 Board Meeting.

Candle Bee Farm

Candle Bee Farm received \$100 in Jefferson County funds and \$9,900 in state funds for the expansion of a small 100% beeswax candle making and honey business, which utilizes Kentucky wax and honey from bee-keeping operations. This project was approved at the November 2003 Board Meeting.

Carlisle County Conservation District

The Carlisle County Conservation District received \$50,000 in Carlisle County funds to implement a precision agriculture cost-share program to assist producers in purchasing GPS guidance systems, yield monitors, mapping software, data storage hardware and other GPS equipment. This project was approved at the November 2003 Board Meeting.

Carroll County Board of Education

The Carroll County Board of Education received \$15,000 in Carroll County funds to purchase a greenhouse for the Carroll County High School. This project was approved at the September 2003 Board Meeting.

Central Kentucky Growers Association

Central Kentucky Grower's Association received \$2,500 in Bourbon County, \$5,000 in Harrison County, \$10,000 in Scott County and \$135,574 in state funds to complete the current expansion project. This project was approved at the September 2003 Board Meeting.

Central Kentucky Growers Association

Central Kentucky Grower's Association received \$8,000 in KCADE funds, \$1,000 in Scott County funds and \$1,500 in Bourbon County funds for a research study to explore the possibility of using idle tobacco greenhouses to produce hydroponic lettuce. This project was approved at the November 2003 Board Meeting.

PROJECT INVESTMENTS CONTINUED...

Cumberland Farm Products, Inc.

Cumberland Farm Products received \$42,125 in KCADE funds to hire CoBank Business Advisory Services to perform a joint venture feasibility study and to assist in the development and execution of a business plan for the venture. This project was approved at the November 2003 Board Meeting.

Felice Vineyards, LLC

Felice Vineyards, LLC received \$1,000 in Jefferson County funds and \$60,436 in state funds for the establishment of a commercial winery, which will provide a market for Kentucky grown vinifera grapes. This project was approved at the November 2003 Board Meeting.



Franklin County Farmers Market

Franklin County Farmers Market received \$120,500 of Franklin County and \$1,000 of Owen County funds to construct a semi-permanent 5,760 square foot open-air pavilion in downtown Frankfort. This project was approved at the July 2003 Board Meeting.

Garrard County Conservation District

The Garrard County Conservation District received Garrard County funds to purchase two lime spreaders for shared-use by local farmers. This project was approved at the September 2003 Board Meeting.

Green River Area Development District

The Green River Area Development District received \$8,000 in McLean County funds to implement a cost share program to purchase shade cloth for McLean County dark tobacco producers. This project was approved at the July 2003 Board Meeting.

Green River Cattle Company Direct Marketing Initiative

The Green River Cattle Company received \$10,000 in Green County, \$10,000 Adair County, \$10,000 Larue County funds and \$60,000 in Kentucky Center for Agricultural Development and Entrepreneurship funds for the intermediate phase of the Green River Cattle Com-

pany proposal to implement their farm directed beef marketing initiative. This project was approved at the September 2003 Board Meeting.

Green River Produce Marketing Cooperative

The Green River Produce Marketing Cooperative received \$7,500 in Hart County, \$5,000 in Barren County, \$2,500 in Edmonson County, \$2,000 in Todd County, \$2,000 in Larue County, \$1,000 in Hardin County, \$500 in Grayson County, and \$76,946 in state funds as a forgivable loan for the repayment of operating capital. This project was approved at the September 2003 Board Meeting.

Goodin View Farms

Goodinview Farm, Inc. received a forgivable loan consisting of \$409,537 in state and \$10,000 in each Marion, Casey and Nelson County funds as reimbursement for capital expenditures and operating losses associated with establishing and developing a 22,800 square foot facility to receive, grade, pack, cool, market and ship vegetables. This project was approved at the July 2003 Board Meeting.

Hopkins County Conservation District

The Hopkins County Conservation District received \$13,434 in Hopkins County funds to continue an agricultural and environmental education program to provide students in Hopkins County with lessons concerning agriculture, conservation and environmental concerns. This project was approved at the July 2003 Board Meeting.

In Town Winery, LLC

In Town Winery, LLC received \$1,000 in Jefferson County funds and \$294,509 in state funds as forgivable loan for the expansion of the winery, including a tasting room and retail center, into a new location on the Louisville waterfront. In Town Winery would purchase all available Kentucky grapes from Kentucky vineyards and grape producers for their wines. This project was approved at the November 2003 Board Meeting.



***In Town Winery
Pitino Grigio wine***

PROJECT INVESTMENT CONTINUED...

Jackson Purchase RC&D Foundation

Jackson Purchase RC&D Foundation, Inc. received \$40,000 in Graves County funds to provide a cost-share program to assist producers in purchasing light bars, monitors, GPS and other equipment to implement the precision agriculture program into their operations. This project was approved at the July 2003 Board Meeting.

James Cotton and Jeff Cotton

James Cotton and Jeff Cotton received \$10,000 in Caldwell County funds to cover a portion of the cost of purchasing a portable irrigation system to provide custom irrigation services to producers in Caldwell, Lyon and Trigg Counties. This project was approved at the November 2003 Board Meeting.

Jefferson County Farm Bureau

Jefferson County Farm Bureau received \$4,000 in Jefferson County funds for support of the Ohio Valley Harvest Festival. The Festival pairs producers with restaurants, and the chefs prepare dishes, which are then sold to the public. Twenty-nine counties are represented at the festival and over the last eight years of the festival, over 109 producers have participated. This project was approved at the June 2003 Board Meeting.

Kentucky Agricultural Finance Corporation

The Kentucky Agricultural Finance Corporation (KAFC) received \$20,000,000 of state funds to establish the Kentucky Agriculture Investment Trust. KAFC will utilize the funds to establish four financing programs: the *Investment Fund for Agriculture*, the *Agricultural Endeavors Lease Program*, the *Young Farmers Financing Program*; and the *County Revolving Loan Program*. KAFC focus is to set up a revolving agricultural investment fund which will be used to promote the diversification of Kentucky tobacco farmers well beyond the availability of Agricultural Development Funds. Additionally KAFC funds would be used to leverage any other funds available to Kentucky farmers looking to diversify out of tobacco. All programs will be developed in partnerships with local lenders. This project was approved at the July 2003 Board Meeting.

Kentucky Beef Network, LLC

The Kentucky Beef Network, LLC (KBN) received \$2,266,863 of state funds to continue support of cattle producers and the development of infrastructure in the marketing and data management aspect of the cattle

industry. Agricultural Development funds will be used for, but not limited to, projects including the advancement of value added feeder calf sales, and to incorporate additional Kentucky cattle producers in educational, record keeping and certification programs in order to relieve financial dependence on tobacco and move to a more cattle/forage-based operation. This project was approved at the July 2003 Board Meeting.



*Kentucky is the leading
beef state east of the
Mississippi*

Kentucky Beef Network Market Development Fund

The Kentucky Beef Network, LLC (KBN) received \$2,000,000 of state funds to create the Kentucky Beef Network Market Development Fund. This fund will be used primarily to provide technical assistance and upgrades to the Commonwealth's livestock markets and collection points. This project was approved at the August 2003 Board Meeting.

Kentucky Center for Agriculture and Rural Development, Inc.

The Kentucky Center for Agriculture and Rural Development, Inc received \$177,750 in state funds for the continuation of existing programs in fiscal year 2004. The Kentucky Center for Cooperative Development has been in existence for two years providing leadership, educational, technical and financial resources for groups and organizations seeking to enhance opportunities through cooperatives. This project was approved at the September 2003 Board Meeting.

Kentucky Center for Agriculture and Rural Development, Inc.

The Kentucky Center for Agriculture and Rural Development received \$271,985 in state funds for the continuation of existing programs in fiscal year 2005. Funds will be used to assist KCCD in providing leadership; providing educational, technical and financial resources for groups; and assisting organizations that are seeking to enhance opportunities through cooperatives. This project was approved at the November 2003 Board Meeting.

PROJECT INVESTMENT CONTINUED...

Kentucky Department of Agriculture

The Kentucky Department of Agriculture received \$2,021,400 of state funds to support the following agriculture marketing programs over a 2-year period: Kentucky Fresh, Restaurant Rewards, International Marketing Programs, Tradeshow Promotions, Infrastructure Development Program. All Agricultural Development funds shall be used to assist Kentucky producers and Kentucky companies to promote and market their products and companies. This project was approved at the July 2003 Board Meeting.

Kentucky Grape and Wine Council

The Kentucky Grape and Wine Council (KGWC) received \$785,125 of KCADE funds to establish a comprehensive program that will help ensure the continued development of the Kentucky grape industry. KGWC will use the funds to further the grape and wine industry as a viable source of income through acquiring expert help in two key areas, a viticulture specialist to guide vineyard development and help educate growers, and an enologist to assist Kentucky wineries in production of high quality products. This project was approved at the July 2003 Board Meeting.

Kentucky Forage and Grasslands Council

The Kentucky Forage and Grasslands Council received \$362,561 in KCADE funds to develop agricultural alternatives in utilizing forages and forage/livestock enterprises to help reduce lost tobacco income for farmers in northeastern Kentucky. This project was approved at the November 2003 Board Meeting.

Kentucky Freshwater Prawn Alliance

The Kentucky Freshwater Prawn Alliance received \$271,750 in state funds to improve the overall Kentucky freshwater prawn industry by improving Kentucky production from the beginning stages of nursery grading of seed stock to the final stage of delivery of value added products in retail outlets for consumers. Funds will be disbursed to three specific entities involved in the project: \$109,250 to Fishmarket Seafood for equipment for value-added processing for Kentucky Freshwater prawns; \$125,000 to Thoroughbred Shrimp Company for equipment to allow for grading of prawn seed stock; and \$37,500 to the Kentucky State University Aquaculture program for a technical support specialist for Kentucky freshwater prawns. This project was approved at the November 2003 Board Meeting.

Kentucky Horticulture Council, Inc.

The Kentucky Horticulture Council, Inc. received \$2,480,601 of state funds to continue education/training crop variety and production technology development, market research, and marketing assistance and promotion required for horticulture industry expansion. This project was approved at the August 2003 Board Meeting.

Kentucky Ketch, Inc.

Kentucky Ketch, Inc. received \$16,600 in Clay County funds to establish a shared-use equipment program, which would include a lime/fertilizer spreader, a manure spreader, a no till drill, and a post driver which will be made available for lease to all farmers in the county. This project was approved at the November 2003 Board Meeting.

Kentucky Specialty Grains, LLC

Kentucky Specialty Grains, LLC (KSG) received \$72,475 in KCADE funds for a study to determine the range of food ingredients that could be produced at a premium price, identify market strategies for entering the soy food market and to ultimately determine if the soy food market is a viable business opportunity for Kentucky soybean producers. This project was approved at the November 2003 Board Meeting.



KTCTS/Maysville Community College

The Maysville Community College received a \$58,445 grant in state funds for the construction of a greenhouse. The greenhouse will be utilized for education and technical assistance workshops focused toward tobacco-impacted families, college students and high school students. This project was approved at the July 2003 Board Meeting.

Kentucky Vocational Agriculture Teachers Association

Kentucky Vocational Agriculture Teachers Association received KCADE funds to purchase a complete customized agricultural education curriculum for use in 142 agriculture programs in Kentucky's public schools. This project will assist agriculture teachers in training students in agriscience; horticulture; agribusiness management; agricultural mechanics and technology; animal, plant and soils science; and environmental resources. This project was approved at the June 2003 Board Meeting.

PROJECT INVESTMENTS CONTINUED...

Lewis County Conservation District

The Lewis County Conservation District received \$100,000 in Lewis County funds to establish a modified Hay, Straw and Commodity Storage program as a pilot that includes hay handling equipment. This project will be evaluated before these items are considered for the statewide guidelines. This project was approved at the September 2003 Board Meeting.

Livingston County Conservation District

Livingston County Conservation District received \$1,477 in Livingston County funds to sponsor a Progressive Farmer Farm Safety Day Camp. This project was approved at the June 2003 Board Meeting.

Marshall County Conservation District

Marshall County Conservation District received \$20,900 of Marshall County funds to administer a second funding cycle of the Lime program for row crop farmers who did not participate in the Marshall County Forage Improvement Program. This project was approved at the July 2003 Board Meeting.

Marshall County Conservation District

Marshall County Conservation receive \$750 in Marshall County funds to assist with conducting a Home and Farm Safety Day. This project was approved at the November 2003 Board Meeting.

Maysville Hay and Produce Auction

Commodity Grower's Cooperative Association received \$10,000 in Mason County funds, \$5,000 in Fleming County funds, \$5,000 in Lewis County funds, \$5,000 in Robertson County funds, \$5,000 in Bracken County funds and \$190,000 in state funds to establish a wholesale hay and produce auction in Maysville. This project was approved at the November 2003 Board Meeting.

McLean County Fiscal Court

The McLean County Fiscal Court received \$16,000 of McLean County funds towards the construction of the McLean County 4-H Activities Building. The building would be utilized by the youth to show and sell livestock as a part of the 4-H and FFA programs. This project was approved at the August 2003 Board Meeting.

Mercer County Conservation District

Mercer County Conservation District received \$1,500 in Mercer County funds to purchase a projector for use in education programs about Mercer County Agricultural Development Fund programs. This project was approved at the September 2003 Board Meeting.

Mt. Sterling/Montgomery County Industrial Authority

The Mt. Sterling/Montgomery County Industrial Authority received \$100,000 Montgomery County funds to hire an agricultural marketing specialist to develop and enhance the marketing opportunities for producers in Montgomery County. This project was approved at the September 2003 Board Meeting.

Murray State University Foundation, Inc.

Murray State University Foundation, Inc. received \$5,000 in Calloway County funds, \$5,000 in Christian County funds and \$247,995 in state funds to develop demonstration/education sites to assist the Agricultural Diversification Enhancement Alliance. The Alliance will provide services to producers across the state. The specific initiatives of the project include: Horticulture Enhancement, Aquaculture Enhancement, Beef Cattle Production Enhancement, and Agricultural Diversification Model Program Enhancement. This project was approved at the November 2003 Board Meeting.

Nicholasville Now, Inc.

Nicholasville Now, Inc. received \$1,000 in Jessamine County funds to purchase banners and signage for the general promotion of the market. This project was approved at the November 2003 Board Meeting.



Ohio County Fiscal Court

The Ohio County Fiscal Court received \$3,420 in Ohio County funds to cover the cost of upgrading the lighting system for the 100 x 220 foot livestock arena in Ohio County. This project was approved at the November 2003 Board Meeting.

PROJECT INVESTMENTS CONTINUED...

Owen County Chamber of Commerce

Owen County Chamber of Commerce received \$11,150 in Owen County funds to start a county farmers market in Owen County. The funds will be used for marketing and promotional items, the purchase of 20 vendor tents, 15 tables, 15 certified scales and trashcans for the market. This project was approved at the June 2003 Board Meeting.

Paintsville Livestock Market, Inc.

The Paintsville Livestock Market, Inc. received \$2,633 in Johnson County funds upgrade computer hardware for existing scales for weighing livestock. This project was approved at the November 2003 Board Meeting.



Purchase Area Aquaculture Cooperative

Purchase Area Aquaculture Cooperative, PAAC, received \$5,000 of Graves County funds and \$151,167 of State funds to expand the cold storage facilities at the processing facility in Graves County. The funds will be used to construct and equip the cold storage facility and to purchase additional distribution equipment, allowing PAAC to double the live fish production to 4,000,000 pounds per year and to use the full processing capacity of the existing plant. This project was approved at the June 2003 Board Meeting.

River Valley Winery

River Valley Winery received \$5,000 in Owen County funds, \$1,000 in Gallatin County funds and \$49,591 in state funds for the expansion of their winery from a small facility to a 16,000-gallon winery on a working tobacco farm. This project was approved at the November 2003 Board Meeting.

Sutton Honey Farm LLC

Sutton Honey Farm LLC received \$45,400 of state funds and \$2,000 of Garrard County funds for the improvement and updating of honey processing facilities and expand the sale of bees to Kentucky producers. This project was approved at the July 2003 Board Meeting.

Todd County 4-H Council

Todd County 4-H Council, Inc. received \$10,400 in Todd County funds to establish a 4-H beef heifer chain project in Todd County. This project was approved at the July 2003 Board Meeting.

For a complete listing of all the Model Programs funded to date visit the GOAP website at <http://agpolicy.ky.gov>

**Model Program
Investments thru
November 2003**

Ag. Diversification

\$7,317,740

77 Counties

Cattle Genetic

\$78,372,836

77 Counties

Cattle Handling

\$12,758,060

94 Counties

Forage Improvement

\$16,329,277

97 Counties

Goat Diversification

\$2,442,751

79 Counties

Hay, Straw & Commodity Storage

\$7,367,941

66 Counties

Livestock Fencing

\$1,355,041

13 Counties

On-farm Water

\$283,550

5 County

KCADE KORNER

KCADE is alive an kickin'

In October the Kentucky Center for Agricultural Development & Entrepreneurship co-sponsored an unusual Agriculture Networking Meeting. The meeting was unusual in that it brought state agencies together that typically are not known for their work with the agriculture community, such as the Department for Employment Services and the Department of Travel. Thirty agencies and organizations, both agriculture and non-agriculture, were represented to share programs and services each offers to the agricultural community. Many of the non-agriculture groups had never had the opportunity to meet and share information with their agriculture counterparts. After a day of sharing, the group came together to explore opportunities for cooperation and identify any unmet needs. Though several opportunities and issues were discussed, the overriding need identified by the group is the need for greater communication, both among the agencies and with the public about programs and services offered.

The Networking Meeting is just one example of how the Kentucky Center for Agricultural Development & Entrepreneurship (KCADE) has worked to coordinate efforts for Kentucky agriculture and to help promote entrepreneurship in Kentucky.

In its enabling legislation, KCADE is charged with identifying and coordinating with existing agencies to develop and deliver entrepreneurial assistance (KRS 248.719 (1)(b)). KCADE also acts as a clearinghouse for information and resources, and is in fact a small part of a larger program—the Agricultural Entrepreneurship Program (AEP). KRS 248.717 mandates that the Agricultural Development Board create and implement the AEP to support small farm diversification through technical assistance, business mentoring, and financial incentives.

Kentucky Opportunity Marketplace offers educational experiences through sessions and communication.



Every member of the Governor's Office of Agricultural Policy staff has one or more responsibilities related to the execution of both the AEP and KCADE missions. Project Analysts provide technical assistance in the development of applicants' business plans and direct them to the appropriate local professional service providers. Model Programs were developed to address needs of individual farmers for farm diversification. The Center has sponsored, co-sponsored, and supported a variety of educational sessions and opportunity forums for the farmers of the Commonwealth, including a cooperative agreement with the Kentucky Small Business Development Center to administer three levels of business development workshops.

Since the Program's establishment, just over \$2.8 million has been committed to entrepreneurial and capacity-building education projects in the Commonwealth. As part of this commitment, the Program has provided funds for market/feasibility studies for ten new or emerging enterprises: wine & grapes, biomass, value-added soybeans, meat & dairy goats, aquaculture, vermiculture, fresh frozen produce, small livestock processing, and agri-tourism. In some cases these studies are precursors for additional funding from the Agricultural Development Fund. For example, the wine study has served as the basis for the board's additional commitments to Kentucky's wine industry. The results of these studies are distributed by the Center upon written request.

Do you have ideas for KCADE workshops in your area?

Contact us know what we can do to help you promote entrepreneurship in your area.

govkyagpolicy@ky.gov



Dr. Steve Issacs discusses financial management at a Farm Family Education

Check out KCADE publications

KY Agricultural Development

Fund Update and

KCADE Grant Bulletin

on line at

<http://agpolicy.ky.gov>

PROJECT SPOTLIGHT

THE FOREST SCHOOL

For decades, Kentucky farmers have depended on a tobacco crop or livestock to pay the mortgage and their children's education. The woodlands on a farm are the place for hunting and an occasional income from a timber harvest. The Forest School is challenging the traditional way producers look at their woodlands, and providing educational opportunities for Kentucky producers interested in learning about how to create a healthy, economically productive woodland.

The Forest School, Inc. is a private, non-profit research education and training center located in western Hardin County, KY. Founded in 1999 by Gary and Beth Anderson, were motivated to start the school as a result of their experience in basic research at land grant Universities and their understanding of the natural world. Trained in microbiology, plant molecular genetics and ecology, the Andersons began to see their University research as taking advantage of farmers rather than working in collaboration with them. Most disturbing was the realization that modern research universities had not thoroughly (if at all) investigated perennial production systems where more of the profits and control went to farmers and landowners.



Mushroom Spawn

In 1992, the Andersons came back to their family's 100 acres of woodland to begin their own research. They soon discovered the overlooked and undervalued natural productivity that they had expected. Native woodland, usually seen only as a source of timber, as shade for cattle, or as nuisance to be cleared, was potentially more profitable per acre per year than conventional agricultural crops. A woodland is productive with little to no inputs at all, it plants, fertilizes and waters itself. Here, in part, is what the Andersons discovered.

First, the sale of conventional agricultural products, including tobacco and Thoroughbred horses, amounts to only \$300 or less per acre of farmland per year in Kentucky. Conventional forestry revenue amounts to \$10-\$30 per acre for landowners. Through innovation, observation and experience, the Andersons can make over \$500 per acre per year by harvesting only one or two trees per acre per year (5% of standing volume). This revenue comes from value-added lumber prod-

ucts such as kiln dried lumber, tongue and groove flooring and custom moulding, and from the wild and cultivated mushrooms that grow in the forest and off of cull trees, logging slash and stumps.



In their desire to share this knowledge with other landowners, the Forest School was born. Through the Forest School, the Andersons provide producers the opportunity to learn more about Integrated Forest Management. By providing instruction in timber felling and processing, and in the most profitable methods of growing gourmet mushrooms, the Forest School can help producers recognize the potential income that can be derived from their current land.

In the spring of 2002, the Forest School was awarded a grant from the Agricultural Development Fund for the construction of a gourmet mushroom spawn lab. As a condition of that grant, all Kentucky producers will receive a discount of spawn purchased through The Forest School. In collaboration with professional chefs, the Forest School is also working to develop value-added mushroom products to expand markets for producers interested in producing these delicious and nutritious forest commodities. Through the Forest School, the Andersons hope to not only encourage the importance of creating a healthy woodland, but to also show owners how their woodlands can provide alternative income opportunities.



Forest School's Gary Anderson provides on site consulting for Integrated Forest Management

To learn more about
The Forest School email
theforestschoolinc@hotmail.com
or call (270) 862-4459.

CHECK PRESENTATIONS

Owen County Farm and Craft Market held their kick-off on July 14 on the at the Owen County Courthouse in Owenton. Senator Damon Thayer, Representative Royce Adams, and Kara Keeton, Governor's Office of Agricultural Policy were on hand to present a symbolic check in recognition of the commitment that the Owen County Agricultural Development Council has made to the Farmer's Market in Owen County.

Owen County Chamber of Commerce received a grant of Owen County funds to start a farmers market in Owen County. The Farmers' Market was developed by the first Owen County Leadership Class and was coordinated by its members. The Agricultural Development funds were utilized for marketing and promotional items such as banners, road signs, flyers, place-mats and other advertising materials. Funds were also used for the purchase of 20 vendor tents, 15 tables, 15 certi-



fied scales and trash cans for the market. The market will provide an opportunity for farmers from Owen County to sell home- grown produce as well as other craft items to local residents in the community.



left to right: Kara Keeton, Governor's Office of Agricultural Policy; Rep. Royce Adams; Frank Downing, Owen County Chamber of Commerce; David Chappell, Owen Agricultural Development Council Chairman; Sen. Daymon Thayer and Thayer's son

Central Kentucky Aquatics, LLC is asking the question, Will red claws, commonly referred to as freshwater lobsters, will grow in Kentucky"and more importantly Will they sell?.

Franklin County Agricultural Development Council saw potential for the aquaculture industry in Kentucky and approved \$27,000 in Franklin County Agricultural Development Funds to their project. The funds will be used to evaluate markets for the species in Kentucky, in areas such as high-end white tablecloth restaurants, seafood wholesalers, local farmers markets, local festivals, retailers, and processors. Central Kentucky Aquatics will also focus on increasing consumer awareness of this product in conjunction with the evaluation of markets.

Tim Miller and Ken Thompson, founders of Central Kentucky Aquatics, are excited about the possibilities for Kentucky aquaculture producers. They had interest from several high end restaurants during this fall's harvest, and had people standing in line to purchase the unique delicacy.

The company will provide educational and outreach programs for producers interested in diversifying into red-claw production, and assist producers in accessing potential markets.



left to right: Tim Miller; Stephen Yates, Governor's Office of Agricultural Policy and Ken Thompson



Senator R.J. Palmer, Representative Carolyn Belcher, and Agricultural Development Board Members enjoyed the crisp fall morning as they gathered in September at the future site of the **Bath County Agricultural Education and Marketing Center**. It was not the blue sky they brought them out to the construction site, but the excitement of presenting a \$1,510,000 check in Agricultural Development Funds to the Bath County Agricultural Extension Foundation.

The Agricultural Development Funds for this project represent a combination of funds including \$10,000 of Menifee County funds, \$300,000 Bath County funds and \$1.2 million in state funds. The Bath County Extension Foundation has secured the matching grant funds for this project from a variety of sources including a USDA Rural Development grant, state assistance, and local contributions.

"We hope the center will stimulate interest in vegetable production as an alternative to the loss of tobacco production," said Jimmie Thompson chairman of the Bath County Agriculture Extension Board.

The Agricultural and Marketing Center will include a number of structures including a covered farmer's market, a store front for value-added products, a certified commercial kitchen, and meeting facilities in conjunction with the extension offices. The new farmer's market and store front will give local producers the opportunity to market their products directly to consumers, while the certified kitchen will allow producers the chance to add value to their on farm products.



left to right: Cherry Lyons, Penny Durham, Danny Case, Carolyn Belcher, R.J. Palmer, Larry Clay, Jimmie Thompson, Daisy Marshall, David Adams, Marjorie Boyd, Carole Rison, Gary Hamilton, & Mary Linda Copher

"This project will have a significant impact on economic development in Bath County," said Senator R.J. Palmer II, D-Winchester. "This is a model program for Kentucky that will greatly benefit our agricultural community."

During a Farm Bureau Legislative tour in Lewis County this past October, Legislators took a moment to visit an exciting local project, SOYX, LLC. SOYX, LLC is a Lewis county based soybean extrusion operation, owned and operated by local residents Jim and Jennifer Meadows and Rick and Donna Lowe.

With the support of the Fleming and Lewis County Agricultural Development Councils, SOYX, LLC submitted an application for Agricultural Development Funds in 2001 and received a 50% cost-share grant consisting of \$89,562.55 in Lewis and \$181,839.13 in Fleming County Agricultural Development Funds to establish the business of providing a

local market for soybeans. The owners of SOYX, LLC recognized the need and opportunity to help producers looking for alternative income sources to offset losses in tobacco income as a result in tobacco quotas reductions. In creating a local market for soybeans, producers will be able to realize a savings in transportation cost translating into higher market prices for their crop. Local dairy and cattle producers also benefit from a locally produced soybean meal that will be used in value added feed rations.



Left to right: Rep Mike Denham, Sen. Charlie Borders, Rep Robin Webb, Jim Meadows, Jennifer Meadows, Rick Lowe & Donna Lowe

GOAP UPDATES

MODEL PROGRAM CHANGES

At its July 2003 meeting, the Kentucky Agricultural Development Board adopted new Expected Progeny Difference (EPD) guidelines as a standard across all counties for the Cattle Genetics Improvement model cost-share program.

The **Cattle Genetics Improvement Program**, as adopted in February of 2001, provides minimum EPD guidelines for use in the program. However, counties could adopt stricter guidelines, if they chose. With this new amendment, **all counties** will have the **same EPD standards** to follow for bulls to qualify. If a farmer wants to purchase an animal with higher EPDs, then it is at the farmer's own discretion. This change should allow farmers who are interested in characteristics, other than size, to select for the most economical animal for their herd.

The new standards are posted on our website. These standards became effective July 18, 2003 the Board meeting date. This amendment only sets a standard for the EPDs; other portions of the program guidelines may still be made stricter by the program administrator, if they choose.



SEED LIST UPDATE

The following varieties of alfalfa have been added to the approved seed list for the *Forage Improvement & Utilization Program*:

**CPS 950
WL 357 HQ
Evergreen
Pegasus**

For a complete list, visit <http://agpolicy.ky.gov/funds/forage/>

STAFF CHANGES AT GOAP

In recent months we have had several staff changes at the Governor's Office of Agricultural Policy (GOAP), so we would like to take a moment to welcome a few new faces and say goodbye to some old friends.

If you have dropped by the office or called in the last several months then you have already had an opportunity to speak with our new receptionist Love Sanders. Love not only welcomes guests to our office, but she is also lending her skills to the on going task of entering reporting form data for the model programs.

As our new Project Compliance Officer, Brad Nelson is taking on the exciting challenge of reviewing and entering the model reporting forms as they come in the office. Laurie Dudgeon, the GOAP attorney, will be working part-time at the office on legal agreements and other issues that arise. The new Budget Officer for the office is Bill Hearn, we welcome his expertise. Finally, the newest face in our office is that of our Executive Director, Keith Rogers. We are excited about the leadership and experience he will bring to our office.

Penny Cline Durham, the District I Project Analyst, moved back her home state of Wisconsin in September. Office Manager, Kim Tompkins, took a position in the Finance and Administration Cabinet at the end of October. This December, Joy Cudd accepted a position with Integra bank.

Please join us in thanking Kim, Penny and Joy for all of their hard work over the last two and a half years. They have helped this program grow and develop into what it is today. Also help us in making new staff members feel welcome. For a complete listing of GOAP staff, visit <http://agpolicy.ky.gov/staff.shtml>.

Project Analyst by Extension Area

District I	Sandy Gardner
District II	Brad Wellons
District III	Brad Wellons
District IV	Stephen Yates
District V	Maggie May - Lake Cumberland Bill McCloskey - Lincoln Trail
District VI	Bill McCloskey
District VII	Maggie May

SAVE THE DATE

January 2004

- 5 - 6 33rd Annual Horticulture Council/KY Vegetable Growers Association Meeting
Holiday Inn North in Lexington, Kentucky
- 6 Tobacco Settlement Fund Oversight Meeting
Room 131, Capitol Annex in Frankfort
10:00 a.m. EST
- 6 Governor's Commission on Family Farms
Holiday Inn North in Lexington, Kentucky
12:00 p.m. EST
- 6 General Assembly Convenes
For more information:
http://www.lrc.state.ky.us/sch_vist/04rs_cal.pdf
- 6 - 8 Kentucky Landscape Industries Meeting
Convention Center in Louisville, Kentucky
For more information:
<http://www.knla.org/conference.htm>
- 9 - 10 Kentucky Cattlemen's Association Convention
University Plaza in Bowling Green, Kentucky
For more information contact:
KCA State Office at (859) 278-0899
- 14 Tobacco Expo
Civic Center in Lexington, Kentucky
For more information contact:
Dr. Gary Palmer at (859) 257-8667
- 15 Biodiesel Showcase
Holiday Inn Plaza in Frankfort, Kentucky
For more information contact:
Melissa Howell at (502) 452-9152
- 16 KY Agricultural Development Fund
Project Review and Board Meeting
9:00 a.m. and 1:30 p.m. EST, respectively
Location TBA
- 17 Community Farm Alliance Annual Meeting
Holiday Inn North in Lexington, Kentucky
For more information contact:
Blake Oliver at (502) 223-3655
- 23 KY Agricultural Finance Corporation Meeting
9:30 a.m. EST
Location TBA

January 2004 cont.

- 23 - 24 Kentucky Pork Producers Conference
Executive Inn in Owensboro, Kentucky
For more information contact:
Mike Ovesen at (270) 737-5665
- 27 - 28 Kentucky Commodity Conference
Executive Inn in Owensboro, Kentucky
For more information contact:
Clint Hardy at (270) 685-8480

February 2004

- 11 - 14 National Farm Machinery Show
Kentucky Fair & Expo Center in Louisville
- 13 KY Agricultural Finance Corporation Meeting
9:30 a.m. EST
Location TBA
- 20 KY Agricultural Development Fund
Project Review and Board Meeting
- 26 - 27 KCCD Winter School Program for
Cooperative Managers and Board members
For more information contact:
Laura Powers at (270) 763-8258

March 2004

- 6 Kentucky Vineyard Society Pruning Session
Princeton Research & Education Center
1:00 p.m. CST
- 12 KY Agricultural Finance Corporation Meeting
9:30 a.m. EST
Location TBA
- 13 Kentucky Vineyard Society Pruning Session
Talon Winery in Lexington, Kentucky
1:00 p.m. EST
- 19 KY Agricultural Development Fund
Project Review and Board Meeting
Location TBA



**Check out the GOAP website for
more upcoming events!**

THANKS FOR THE DEDICATION

Kentucky's efforts to revitalize the rural and agricultural economy have not been lead by a single individual, but have resulted from a collaborative effort by agricultural leaders across the state. We would like to take a few moments to thank a few individuals who have lead the way in their commitment to the future of Kentucky agriculture.

The Governor's Office of Agricultural Policy (GOAP) has been led for the past six months by an individual who dedicated his career to improving Kentucky's rural economy. Gene Royalty came on board at GOAP to work with the Kentucky Agricultural Finance Corporation, but stepped in as Executive Director last June upon the request of the Governor. Gene's leadership and experience has been an inspiration to all the staff at GOAP. Thank you Gene.



The past eight years, Kentucky has been fortunate to have an Agriculture Commissioner committed to championing agriculture in Kentucky and dedicated to the future success of the farmer. Commissioner Smith has served as the Vice-chair of the Agricultural Development Board, but his commitment to Agricultural Development Fund does not end there. He has played an integral role in the success of projects and programs across the state, through his commitment and that of his staff's on market development and assistance. Commissioner Smith has demonstrated his unwavering commitment to Kentucky agriculture, and has worked tirelessly with the Agricultural Development Board and staff to ensure the Board continues working toward the long-term development of Kentucky's rural and agricultural economy.

To say that Governor Patton was a friend to Kentucky agriculture would be an understatement. In his tenure as Governor, Paul E. Patton was critical in securing the Phase II program for tobacco farmers. He stood by his commitment to keeping 50% of the Tobacco Settlement Funds in the Agricultural Development Fund. As Chairman of the Agricultural Development Board, Governor Patton championed the cause of the individual producer and encouraged the entrepreneurship spirit in rural Kentucky. His vision and commitment led the way in Kentucky's development of a new agricultural economy.



As we extend our thanks to our friends and leaders for a job well done, we welcome the new leadership to the Kentucky Agricultural Development Board. Governor Fletcher and Commissioner Farmer we thank you for the commitment you made to the Agricultural Development Fund during your campaign, and we look forward to continuing our commitment under your leadership.

In January, the General Assembly will return to our state Capitol, facing the daunting task of balancing the worst state budget shortfall in recent history. In light of this budget crisis, it is more important than ever to take the time to make your legislators aware of the impact the Agricultural Development Fund has had on you and your community.

To contact your legislator during 2004 session call 1-800-592-4399 or visit the LRC website at

<http://www.lrc.state.ky.us/Whoswho/whoswho.htm>



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